

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02
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O P 211101Z JUL 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 6317
INFO AMEMBASSY BONN PRIORITY
AMEMBASSY BRUSSELS PRIORITY
AMEMBASSY COPENHAGEN PRIORITY
AMEMBASSY DUBLIN PRIORITY
AMEMBASSY THE HAGUE PRIORITY
AMEMBASSY LUXEMBOURG PRIORITY
AMEMBASSY PARIS PRIORITY
AMEMBASSY ROME PRIORITY
USMISSION NATO PRIORITY
AMCONSUL BELFAST
AMCONSUL EDINBURGH

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USEEC ALSO FOR EMBASSY
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E.O. 11652: N/A
TAGS: PGOV. PINT, ELAB, UK
SUBJECT: COMMONS APPROVES GOVERNMENT ECONOMIC POLICY

REF: LONDON 11781

SUMMARY - FOLLOWING PREDICTABLY PARTISAN DEBATE. THE
HOUSE OF COMMONS JULY 20 VOTED TO ENDORSE GOVERNMENT'S
ECONOMIC POLICY BY EASY MARGIN OF 30 VOTES. END
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SUMMARY.

1. PRIME MINISTER CALLAGHAN OPENED THE JULY 20 DEBATE
ON THE GOVERNMENT'S COUNTER-INFLATION POLICY REAFFIRM-
ING THAT THE GOVERNMENT WAS DETERMINED TO KEEP PUBLIC
SECTOR PAY INCREASES WITHIN 10 PERCENT LIMIT AND IS
PREPARED TO ACCEPT STRIKES, IF NECESSARY, TO HOLD WAGE

SETTLEMENTS WITHIN THAT RANGE. MRS. THATCHER, SPEAKING FOR THE OPPOSITION, LAUNCHED A PARTICULARLY EFFECTIVE ATTACK ON GOVERNMENT'S ECONOMIC RECORD WHICH PLEASED THE CONSERVATIVE BENCHES BUT PROVIDED FEW CLUES AS TO HOW A TORY GOVERNMENT WOULD HANDLE THE PRESENT SITUATION. LIBERAL ECONOMIC SPOKESMAN JOHN PARDOE SUPPORTED THE GOVERNMENT'S POLICY AND FLATLY ASSERTED THAT LIBERAL SUPPORT WOULD CONTINUE AS LONG AS GOVERNMENT MET ITS COMMITMENT. IF THE GOVERNMENT FALTERED, HE WARNED, THE LIBERALS WOULD GO FOR A GENERAL ELECTION WHICH THEY WOULD FIGHT ON THEIR OWN ECONOMIC POLICIES.

2. AT THE CONCLUSION OF THE DEBATE, COMMONS ENDORSED THE GOVERNMENT'S POLICY BY THE EXPECTED SUBSTANTIAL MARGIN: 312 TO 282, A GOVERNMENT MAJORITY OF 30 VOTES. THE GOVERNMENT MAJORITY, AS EXPECTED, RESTED ON SUPPORT OF THE LIBERALS, THE SCOTTISH LABOR PARTY AND THE SDLP. MOST OF THE ULSTER UNIONISTS AND THE THREE PLAID CYMRU MPS ABSTAINED, AS DID LABOR MAVERICK REG PRENTICE. THE CONSERVATIVES WERE JOINED BY THE SCOTTISH NATIONALISTS AND THREE DISSIDENT ULSTER UNIONISTS.

3. COMMENT: THERE WAS NEVER ANY REAL DOUBT ABOUT THE OUTCOME OF LAST NIGHT'S VOTE WHICH ONCE AGAIN ILLUSTRATED THE GOVERNMENT'S ABILITY TO USE MINOR INCENTIVES TO KEEP THE OPPOSITION DIVIDED AND ITSELF IN POWER.
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BREWSTER

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Message Attributes

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